

**MINUTES OF THE
REVENUE AND TAXATION INTERIM COMMITTEE**
Wednesday, June 20, 2012 – 8:00 a.m. – Room 445 State Capitol

Members Present:

Sen. Curtis S. Bramble, Senate Chair
Sen. J. Stuart Adams
Sen. Benjamin M. McAdams
Sen. Wayne L. Niederhauser
Sen. Howard A. Stephenson
Sen. John L. Valentine
Rep. David G. Butterfield
Rep. Tim M. Cosgrove
Rep. John Dougall
Rep. Susan Duckworth
Rep. Steve Eliason
Rep. Gage Froerer
Rep. Wayne A. Harper
Rep. Eric K. Hutchings

Rep. Michael T. Morley
Rep. Merlynn T. Newbold
Rep. Jim Nielson
Rep. Larry B. Wiley

Members Absent:

Rep. Patrick Painter, House Chair
Rep. Francis D. Gibson

Staff Present:

Mr. Phillip V. Dean, Policy Analyst
Mr. Bryant R. Howe, Assistant Director
Ms. Rebecca L. Rockwell, Associate General Counsel
Ms. Chelsea B. Lloyd, Legislative Secretary

Note: A list of others present, a copy of related materials, and an audio recording of the meeting can be found at www.le.utah.gov.

1. Committee Business

Chair Bramble called the meeting to order at 8:20 a.m. Rep. Gibson was excused from the meeting.

MOTION: Sen. Valentine moved to approve the minutes of the May 16, 2012 meeting. The motion passed unanimously. Sen. McAdams, Sen. Stephenson, and Rep. Dougall were absent for the vote.

Mr. Dean distributed "Utah State Tax Commission -- Collections" and "Utah State Tax Commission -- Revenue Summary Eleven Months FY 2011-12."

2. Property Tax

Ms. Jennifer Condie and Mr. Lamar Sayer, Utah State Tax Commission, distributed "Utah Property Tax Online Certified Tax Rate System" and demonstrated the online truth in taxation property tax rate website developed by the Utah State Tax Commission. They explained that the tool allows for individuals to research whether an entity imposed a tax rate above the certified tax rate that generates the same dollar amount of revenue as the prior year.

Mr. Dean distributed "Background on Bond Election Timing."

Ms. Jacqueline Smith, Citizens for Fiscally Responsible Government, explained the tax burden from bonds imposed by special districts for the purposes of special projects, such as recreation centers.

Ms. Marci Hansen, Citizens for Fiscally Responsible Government, raised concerns with special districts imposing fees and taxes for special projects. She explained the benefit for citizens to receive information

prior to the issue being put on the ballot. She also raised the issue with low voter turn out in regards to bond elections.

The committee discussed holding bond elections in general elections, the use of the voter information pamphlets, and the threshold to determine which issues are considered bond election appropriate.

Mr. Peter Cannon, Citizens for Tax Fairness, encouraged the committee to consider voting on bonds during a general elections.

MOTION: Sen. Valentine moved to direct committee staff to prepare draft legislation addressing bond election timing and procedures. The motion passed unanimously. Rep. Morley and Rep. Newbold were absent for the vote.

Mr. Dan Garrett and Mr. Chris Glidewell, Pivotal Tax Solutions LLC, spoke to issues with property tax appeals and licensed appraisers. He encouraged the committee to consider the issue of who should represent taxpayers on appeals.

MOTION: Sen. Niederhauser moved to direct staff to draft a committee bill amending statutes related to those who can assist property owners in property tax appeals. The motion passed unanimously. Sen. McAdams, Sen. Stephenson, and Rep. Dougall were absent for the vote.

3. Resolution on Internet Sales and Use Tax

Rep. Harper explained the ongoing effort to create federal legislation to allow states to collect sales tax from remote and local retailers. He reviewed "Draft Legislation Urging Congress to Restore State Sales Tax Collection Sovereignty" and 2012 General Session H.J.R. 14, "Joint Resolution Urging Congress to Support Equity and Sales Tax Fairness."

Mr. Mark Griffith, Overstock, noted Overstock's support for the draft language on the topic.

Mr. Dave Davis, Utah Food Industry, explained his support for the draft language.

MOTION: Sen. Valentine moved to direct staff to draft a committee bill urging Congress to enact legislation authorizing states to collect sales tax from both retailers with physical presence in a state and remote sellers who make sales within the state. The motion passed. Rep. Dougall voted in opposition. Rep. Morley, Rep. Newbold, and Rep. Wiley were absent for the vote.

4. Sales and Use Tax on Related Party Leases

Chair Bramble addressed the issues related to sales and use taxes imposed on lease agreements between related parties.

MOTION: Rep. Nielson moved to direct staff to draft a committee bill providing for an exemption from sales and use taxation when related parties enter into lease agreements. The motion passed unanimously. Sen. McAdams, Sen. Stephenson, and Rep. Dougall were absent for the vote.

5. Tax Credits and Exemptions

Mr. Dean reviewed "Tax Review Commission Sales and Use Tax Principles," "Tax Review Commission Sales and Use Tax Working Group Report," and "Tax Review Commission Sales Tax on Food Letter." He explained that the Tax Review Commission documents were distributed to the committee in response to a request at the May meeting.

Mr. Dean also reviewed "Tax Commission Annual Report FY 2011 - Sales and Use Tax Exemptions," "Property Tax Exemptions and Abatements Summary," and "The Pew Center on the States -- *Evidence Counts, Evaluating State Tax Incentives for Jobs.*"

Ms. Rockwell distributed and outlined "Income Tax Features Summary" and "Sales and Use Tax Exemptions by Category."

Ms. Allison Rowland, Voices for Utah Children, noted her support to study tax credits and exemptions.

6. Telecommunication Taxes and Fees

Mr. Dean explained "Summary of Telecommunications Taxes," which summarizes existing telecommunications taxes, included a publication from the Utah State Tax Commission and several sample bills from various companies showing details of different taxes and fees.

The committee discussed the issues involving telecommunication taxes and fees as relate to changing technologies.

7. Dynamic v. Static Fiscal Notes

Mr. Jonathan Ball, Director, Mr. Thomas Young, Economist, and Ms. Andrea Wilko, Chief Economist, Office of the Legislative Fiscal Analyst, distributed "Sample Dynamic Fiscal Note Diagram." They presented options for producing dynamic fiscal notes examining future economic effects from a tax policy change, including options for the fiscal note itself and for a separate explanatory note that addresses potential impacts.

8. Other Items / Adjourn

MOTION: Rep. Wiley moved to adjourn the meeting. The motion passed unanimously. Sen. McAdams, Sen. Stephenson, and Rep. Dougall were absent for the vote.

Chair Bramble adjourned the meeting at 10:19 a.m.